

# **Northeastern VT Regional Hospital**

## **Fiscal Year 2016 budget analysis**

**Report Date:**

**8/13/2015**

## Northeastern VT Regional Hospital

Paul Bengtson - CEO

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### Summary Budget to Budget Increase

The 2016 budget shows a 4.8% increase over the 2015 budget. There are health care investments underway which could be contributing to the 3% target, but we could only quantify \$124,000.

Utilization is budgeted at 3.2%. The budget includes an increase of (12) in FTEs and 6 in MDs NVRH's productivity measures are unfavorable.

The operating surplus is budgeted at 2.1% of net revenues; this is a decrease from budgeted 2015. The balance sheet is in a stable position. The latest financial projections for 2015 show lower NPR and operating surplus is expected to be lower than the approved budget level.

The commercial cost shift is increased by \$1 million. This is a combination of \$1 million in less revenue from Medicare and Medicaid and a slight decline of \$21,000 in bad debt and free care.

### Issues to Address at the Hearing

Discuss the reasons for exceeding the 3.0% target.

Discuss the trends being seen in bad debt and free care.

Discuss plans to add 5.5 physicians and the related new services being provided.

Explain the various changes in utilization and related issues around productivity.

	2014A	2015B	2015P	2016B	B15-B16 Change	B15-B16 % Change
<b>Net Patient Care Revenue</b>	\$ 61,868,757	\$ 65,324,117	\$ 64,226,900	\$ 68,487,300	\$ 3,163,183	4.8%
<b>Other Operating Revenue</b>	\$ 2,532,434	\$ 2,039,700	\$ 2,092,359	\$ 1,648,676	\$ (391,024)	-19.2%
<b>Total Operating Revenue</b>	\$ 64,401,191	\$ 67,363,817	\$ 66,319,259	\$ 70,135,976	\$ 2,772,159	4.1%
<b>Total Expenses</b>	\$ 65,007,033	\$ 64,748,917	\$ 65,510,900	\$ 68,696,400	\$ 3,947,483	6.1%
<b>Net Operating Income</b>	\$ (605,842)	\$ 2,614,900	\$ 808,359	\$ 1,439,576	\$ (1,175,324)	-44.9%
<b>Operating Margin %</b>	-0.9%	3.9%	1.2%	2.1%	-1.8%	

**Northeastern VT Regional Hospital**

Key Indicators	Actual 2013	Actual 2014	Budget 2015	Projected 2015	Budget 2016	Actual 2014-Budget	Budget 2015-Budget
						2015	2016
Utilization							
Acute Care Ave Daily Census	12.1	10.2	10.4	10.5	10.9	0.2	0.5
Total Average Daily Census	16	15	14	14	14	0	-0.1
Acute Average Length of Stay	3.3	3.1	3.0	3.2	3.2	-0.1	0.2
Acute Admissions	1,355	1,199	1,255	1,188	1,230	56	-25.0
Total Beds (Staffed)	29	29	29	29	29	0	0.0
Adjusted Admissions	5,772	5,485	5,524	5,329	5,699	39	175.6
Adjusted Days	18,853	17,103	16,703	17,181	18,418	-401	1,715.4
Capital							
Age of Plant	12.2	13.0	13.9	13.8	14.5	0.9	0.6
Long Term Debt to Capitalization	29.1%	27.9%	25.1%	26.5%	26.4%	-2.9%	1.3%
Capital Expenditures to Depreciation	155.7%	168.0%	174.7%	121.9%	132.0%	6.7%	-42.6%
Debt per Staffed Bed	798,171	795,730	772,414	767,813	792,414	-23,316	20,000
Net Prop, Plant & Equip per Staffed Bed	773,170	831,621	874,490	830,079	860,302	42,869	-14,188
Debt Service Coverage Ratio	4.6	2.5	5.8	4.1	4.5	3.3	-1.3
Revenue							
Deduction %	47.0%	48.2%	48.2%	49.4%	51.7%	0.0%	3.5%
Bad Debt % of Gross Revenue	2.3%	2.4%	2.2%	2.2%	2.1%	-0.2%	-0.1%
Free Care % of Gross Revenue	1.8%	1.7%	2.1%	2.0%	2.0%	0.5%	-0.1%
Operating Margin %	2.2%	-0.9%	3.9%	1.2%	2.1%	4.8%	-1.8%
Total Margin %	5.0%	1.0%	3.9%	1.4%	2.1%	2.9%	-1.8%
All Net Patient Revenue % of Gross Rev	51.8%	50.3%	50.4%	49.3%	47.2%	0.1%	-3.2%
Medicare Net Patient Revenue % of Gross Rev (incl Phys)	43.9%	41.3%	40.8%	40.4%	38.2%	-0.5%	-2.6%
Medicaid Net Patient Revenue % of Gross Rev (incl Phys)	33.7%	32.7%	32.2%	32.1%	30.6%	-0.5%	-1.6%
Comm/self pay Net Patient Revenue % of Gross Rev (incl Phys)	69.5%	70.2%	70.0%	69.2%	67.4%	-0.2%	-2.6%
Productivity							
Adjusted Admissions Per FTE	14.9	14.1	14.3	13.5	14.3	0.2	0.0
FTEs per 100 Adj Discharges	6.7	7.1	7.0	7.4	7.0	-0.1	0.0
Overhead Expense w/ fringe, as a % of Total Operating Exp	22.6%	21.9%	21.6%	21.7%	21.4%	-0.2%	-0.2%
FTEs Per Adjusted Occupied Bed	7.5	8.3	8.5	8.4	7.9	0.1	-0.5
Cost							
Cost per Adjusted Admission	10,734	11,853	11,722	12,293	12,054	(130)	331
Salary & Benefits per FTE - Non-MD	76,053	77,953	76,286	74,516	77,158	(1,667)	873
Compensation Ratio	62.2%	64.3%	55.7%	57.1%	59.4%	-8.6%	3.7%
Capital Cost % of Total Expense	4.9%	4.6%	4.7%	4.6%	4.6%	0.1%	-0.2%
Liquidity							
Current Ratio	3.5	3.2	3.7	1.7	1.4	0.5	(2.3)
Days Cash on Hand	97.3	97.4	111.6	111.4	98.4	14.2	(13.2)
Cash to Long Term Debt	1.1	1.2	1.4	1.5	1.4	0.2	(0.0)
Payer							
DSH % of Total NPR	2.3%	2.8%	2.6%	2.5%	2.1%	-0.2%	-0.5%
Medicaid % of Total NPR (incl. DSH)	12.7%	13.0%	12.9%	13.5%	13.7%	-0.1%	0.8%
Medicare % of Total NPR (incl. DSH)	34.2%	33.6%	31.7%	33.2%	33.1%	-1.9%	1.4%
Commercial % of Total NPR (incl. DSH)	50.8%	50.6%	52.8%	50.7%	51.1%	2.3%	-1.7%
Employed							
Non-MD FTEs	387.2	390.3	386.7	395.0	398.9	(3.6)	12.2
Physician FTEs	27.2	24.7	27.8	26.6	33.4	3.1	5.6
Travelers	-	-	-	-	-	-	-
Outpatient							
All Outpatient Visits	156,000	156,725	157,000	158,570	163,010	275	6,010
Operating Room Procedure	3,000	3,500	2,600	2,575	2,830	(900)	230
Observation Units	417	1,000	500	567	579	(500)	79

1) The hospital is submitting a 5.2% increase in overall rates.

a) Will that amount, on average, be the increase that commercial payers will be paying? Describe the different reimbursement agreements you may have when contracting with commercial payers.

2) NVRH has submitted a 4.8% NPR increase. Some of the increase over 3.0% is presumed to be spending on health care investments

a) NVRH explains that the while this submission is over 3%, they have met the target the last three years. Provide a schedule that demonstrates this - we do not see this.

b) We see \$124,000 in health care reform investments. Are there any other? Discuss your current status as outlined in the narrative regarding One Care.

3) Changes in NPR not related to rate show a couple of major changes.

a) The "Other changes - payer mix" in NPR shows a \$1.575 million reduction due to payer mix. It shows a significant reduction in commercial/self pay with some increase being seen in Medicare and Medicaid. Describe what is happening here. Is it related to the services the new physicians will provide?

b) Also, the rate schedule shows a large increase in NPRs (\$4.4 million) expected from utilization but the narrative only shows \$300,000 related expenses. Can you clarify this?

4) NVRH is adding 5.5 new physicians to provide needed services in the community. Explain how you evaluated "need". Describe your review of access, quality of care, waiting times, etc?

5) Utilization metrics show a number of increases, presumably related to the additional physicians. However, productivity measures remain unfavorable compared to peers:

a) Discuss what is driving the increases in utilization.

b) Discuss these variances and plans to improve productivity.

<u>NVRH</u>	<u>A14</u>	<u>B15</u>	<u>B16</u>	<u>CAH peers</u>	<u>A14</u>	<u>B15</u>	<u>B16</u>
FTEs per adj 100 discharges	7.0	7.1	7.0		5.4	5.8	5.9
FTEs per adj occ bed	8.3	8.5	7.9		6.0	6.7	6.4

6) NVRH is not experiencing what other hospitals are seeing. Bad debt and free care levels were 4.1% of gross revenues in 2014, 4.3% in Budget 2015, and have budgeted 2016 at 4.1%.

a) Describe any recent changes you have seen in terms of caseloads, patient coverages, billing disputes, etc.

b) Is NVRH free care policy significantly different than other hospitals? Are there any changes in reporting that are influencing this?

7) The 2015 projection shows lower NPRs and a surplus of \$0.8 million vs. a budget of \$2.6 million. Are these projections still valid? If not, describe any material changes.

8) You mention the Medicare reimbursement estimate as not expecting any funds regarding the appeal of the disallowance related to the provider tax. Can you clarify whether you have a liability for past years? Am I correct that the 2016 budget no longer assumes any revenues for this item?

9) NVRH no longer expects any meaningful use funds. All other things being equal, how much did the loss of meaningful use effect your rate increase?

# Northeastern VT Regional Hospital

## PROFIT & LOSS STATEMENT

	2014A	2015B	2015P	2016B	2015B-2016B 2016B	
REVENUES						
INPATIENT	\$26,127,388	\$28,658,300	\$28,300,000	\$30,627,800	\$1,969,500	6.9%
OUTPATIENT	\$91,551,585	\$95,329,500	\$97,000,000	\$109,537,200	\$14,207,700	14.9%
PHYSICIAN	\$0	\$0	\$0	\$0	\$0	0.0%
CHRONIC REHAB	\$0	\$0	\$0	\$0	\$0	0.0%
SNF/ECF	\$0	\$0	\$0	\$0	\$0	0.0%
SWING BEDS	\$1,836,153	\$2,144,400	\$1,650,000	\$1,749,000	-\$395,400	-18.4%
GROSS PATIENT CARE REVENUE	\$119,515,126	\$126,132,200	\$126,950,000	\$141,914,000	\$15,781,800	12.5%
DISPROPORTIONATE SHARE PAYMENTS	\$1,743,411	\$1,696,000	\$1,637,000	\$1,460,700	-\$235,300	-13.9%
BAD DEBT	-\$2,924,757	-\$2,777,200	-\$2,812,000	-\$3,030,000	-\$252,800	-9.1%
FREE CARE	-\$2,000,119	-\$2,709,800	-\$2,500,000	-\$2,900,000	-\$190,200	-7.0%
GRADUATE MEDICAL EDUCATION	\$0	\$0	\$0	\$0	\$0	0.0%
DEDUCTIONS FROM REVENUE	-\$54,464,904	-\$57,017,083	-\$59,048,100	-\$68,957,400	-\$11,940,317	-20.9%
NET PATIENT CARE REVENUE	\$61,868,757	\$65,324,117	\$64,226,900	\$68,487,300	\$3,163,183	4.8%
OTHER OPERATING REVENUE	\$2,532,434	\$2,039,700	\$2,092,359	\$1,648,676	-\$391,024	-19.2%
TOTAL OPERATING REVENUE	\$64,401,191	\$67,363,817	\$66,319,259	\$70,135,976	\$2,772,159	4.1%
OPERATING EXPENSE						
TOTAL OPERATING EXPENSE	65,007,033	64,748,917	65,510,900	68,696,400	\$3,947,483	6.1%
NET OPERATING INCOME (LOSS)	-\$605,842	\$2,614,900	\$808,359	\$1,439,576	-\$1,175,324	-44.9%
NON-OPERATING REVENUE	\$1,237,641	\$0	\$125,000	\$0	\$0	0.0%
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	\$631,799	\$2,614,900	\$933,359	\$1,439,576	-\$1,175,324	-44.9%

Physician revenue activity is included in the Outpatient revenue line. GMCB staff are working with hospitals to consistently align and report the information.

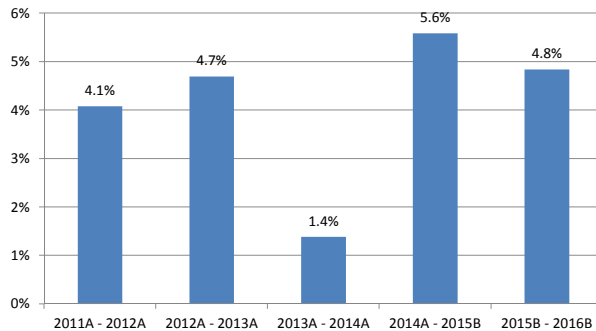
Unfavorable changes in bad debt and free care will be discussed.

\$1.4 million of Other operating revenue is 340 B program (pharmacy). NVRH is no longer budgeting for Meaningful Use.

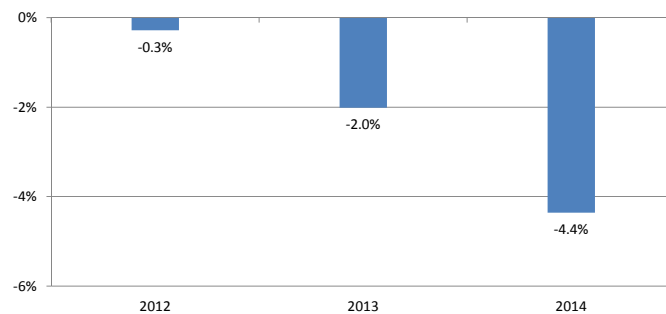
Higher expenses are driven primarily wage increases (3%), 12 new FTEs, and new physicians and related fringe.

Operating income has been reduced in 2016.

Net Patient Revenues  
Annual Increase



Net Patient Revenues  
Over (under budget)



**Northeastern VT Regional Hospital****NET PATIENT REVENUE PAYER MIX**

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 1,696,000	\$ 1,460,700	\$ (235,300)
Medicaid	\$ 8,403,200	\$ 9,368,700	\$ 965,500
Medicare	\$ 20,710,617	\$ 22,638,900	\$ 1,928,283
Commercial/self pay/Wcomp	\$ 34,514,300	\$ 35,019,000	\$ 504,700
TOTAL	\$ 65,324,117	\$ 68,487,300	\$ 3,163,183
			4.8%

NPR shows a 4.8% increase over the 2015 budget. This increase can be described as follows:

	Millions	% Share
Rate Increase	\$ 1.0	1.5%
Physician Practice Transfers	\$ -	0.0%
Bad Debt/Free Care Improvem	\$ (0.4)	-0.7%
Disproportionate Share Loss	\$ (0.2)	-0.4%
Utilization Gain/Loss	\$ 4.4	6.6%
Health Care Reform Investmen	\$ 0.1	0.1%
Other Change - payer mix	\$ (1.6)	-2.4%
	\$ 3.2	4.8%

This schedule presents net patient revenue change for the hospital. Essentially, this is a summary of who will pay the bill for the increases in the budget.

The 2016 budget shows a 4.8% increase over the 2015 budget. The increase over 3% is partly due to health reform investments. The hospital also makes the point that they make the 3% target when one considers the 3 year average. See the narrative for a discussion.

Utilization is budgeted to increase \$4.4 million. This is offset by unfavorable changes in bad debt/free care and a reduction in disproportionate share and "other changes" such as better reimbursement and favorable changes in mix of services.

**Northeastern VT Regional Hospital****NET PATIENT REVENUE PAYER MIX**

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - Hospital	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 1,696,000	\$ 1,460,700	\$ (235,300)
Medicaid	\$ 5,913,600	\$ 6,362,300	\$ 448,700
Medicare	\$ 16,233,517	\$ 17,082,700	\$ 849,183
Commercial/self pay/Wcomp	\$ 28,631,400	\$ 28,884,200	\$ 252,800
TOTAL	\$ 52,474,517	\$ 53,789,900	\$ 1,315,383

Net Patient Revenue - Physician	Bud 15 Total	Bud 16 Total	Change
Disproportionate share			\$ -
Medicaid	\$ 2,489,600	\$ 3,006,400	\$ 516,800
Medicare	\$ 4,477,100	\$ 5,556,200	\$ 1,079,100
Commercial/self pay/Wcomp	\$ 5,882,900	\$ 6,134,800	\$ 251,900
TOTAL	\$ 12,849,600	\$ 14,697,400	\$ 1,847,800

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 1,696,000	\$ 1,460,700	\$ (235,300)
Medicaid	\$ 8,403,200	\$ 9,368,700	\$ 965,500
Medicare	\$ 20,710,617	\$ 22,638,900	\$ 1,928,283
Commercial/self pay/Wcomp	\$ 34,514,300	\$ 35,019,000	\$ 504,700
TOTAL	\$ 65,324,117	\$ 68,487,300	\$ 3,163,183

This schedule breaks out the net patient revenue change s between hospital and physician services.

You will note that the B15-B16 changes by payer may very well differ significantly when examining hospital vs. physician. This is because price changes, reimbursement, and utilization will differ for those services.

Our analysis finds a significant increase in Medicare NPR. NVRH will explain this .

The disproportionate share change has been verified and a reduction will have an unfavorable effect on rate.



# Northeastern VT Regional Hospital

## RATE TREND AND SOURCE OF REVENUES

Rate is the average change in price for services provided.

	Budget 2013 Approved	Budget 2014 Approved	Budget 2015 Approved	Budget 2016 Submitted	Average Annual 2014-2015
Northeastern VT Regional Hospital	6.5%	5.6%	5.0%	5.2%	5.7%
Weighted Average All Hospitals				4.3%	

	Bud 16 Total	Gross revenue from Rates	Net revenue from Rates
Hospital Inpatient	6.0%		
Hospital Outpatient	6.0%		
Professional Services	0.0%		
Nursing Home	0.0%		
Home Health	6.0%		
Other	0.0%		
Summary price request	5.2%	\$ 6,577,716	\$ 1,014,305



Commercial Payer	Self Pay/Other	Medicaid	Medicare	
\$ 935,671	\$ 78,634	\$ -	\$ -	

		Gross Revenue from Other	Net revenue from Other
Utilization			\$ 4,402,724
Free care			\$ (190,200)
Bad debt			\$ (252,800)
Dispro share change			\$ (235,300)
Other NPR changes			\$ -
Other changes - payer mix			\$ (1,575,546)
Summary Other (non-price) request		\$ 9,204,084	\$ 2,148,878

Commercial Payer	Self Pay/Other	Medicaid	Medicare	DSH
\$ 2,088,400	\$ 119,914	\$ 776,051	\$ 1,418,359	\$ -
\$ (190,200)	\$ -	\$ -	\$ -	\$ -
\$ (252,800)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ (235,300)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ (2,035,472)	\$ (239,447)	\$ 189,449	\$ 509,924	\$ -
\$ (390,071)	\$ (119,534)	\$ 965,500	\$ 1,928,283	\$ (235,300)

Total NPR Increase Due to Price and Other	\$ 15,781,800	\$ 3,163,183
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\$ 545,600	\$ (40,900)	\$ 965,500	\$ 1,928,283	\$ (235,300)
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The rate increase is 5.2% with a 6.0% increase budgeted for inpatient, outpatient and home health services, and no increases for physician services. This increase is close to the average of the last three years. The rate will generate \$1.0 million of the overall \$3.2million increase in Net patient revenues (NPR).

NPRs expected from utilization increases are significant. We asked them to explain what this.

The "Other changes" in NPR is a change in payer mix. It shows a significant reduction in commercial/self pay with some increase being seen in Medicare and Medicaid.

# Northeastern VT Regional Hospital

## UTILIZATION & STAFFING

	2012A	2013A	2014A	2015B	2015P	2016B	B15-B16 Change
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### Utilization

ADJUSTED ADMISSIONS	5,641	5,772	5,485	5,524	5,329	5,699	3.2%
ACUTE ADMISSIONS	1,328	1,355	1,199	1,255	1,188	1,230	-2.0%
AVERAGE LENGTH OF STAY	3.2	3.3	3.1	3.0	3.2	3.2	6.9%
OUTPATIENT OPERATING ROOM PROCEDURES	3,000	3,000	3,500	2,600	2,575	2,830	8.8%
LABORATORY TESTS	195,500	191,000	197,825	168,400	162,670	178,930	6.3%
EMERGENCY ROOM VISITS	17,810	17,542	17,026	15,355	15,014	15,890	3.5%
RADIOLOGY-DIAGNOSTIC & CT SCANS	20,870	20,870	20,690	23,061	24,525	26,960	16.9%
MRIs	850	949	1,062	1,053	1,319	1,450	37.7%
PHYSICIAN OFFICE VISITS	60,000	60,054	63,730	64,000	62,047	68,252	6.6%
CLINIC VISITS	-	-	-	-	-	-	0.0%

### Staffing

NON-MD FTE	366	387	390	387	395	399	12.2
TRAVELERS	-	-	-	-	-	-	0.0
RESIDENTS & FELLOWS	-	-	-	-	-	-	0.0
MLPs	-	-	-	-	-	-	0.0
PHYSICIAN FTEs	25.5	27.2	24.7	27.8	26.6	33.4	5.6
TOTAL MD AND NON MD FTES	391.6	414.4	415.0	414.5	421.6	432.3	17.8
SALARY PER FTE - NON-MD	55,344	55,990	56,515	55,160	54,735	57,606	4.4%
SALARY & BENEFIT PER FTE - NON-MD	75,947	76,053	77,953	76,286	74,516	77,158	1.1%
FTES PER ADJUSTED OCCUPIED BED	7.4	7.5	8.3	8.5	8.4	7.9	-6.5%
FTES PER 100 ADJUSTED DISCHARGES	6.5	6.7	7.1	7.0	7.4	7.0	0.0%

Budgeted 2016 utilization (adjusted admissions) shows an increase of 3.2% from 2015 budget levels.

NVRH is budgeting an increase across all services. They will be asked to address the utilization changes.

Non MD staffing is increasing by 12.2 and MDs are increasing by 5.6.

Productivity indicators are showing some improvement but remain unfavorable compared to CAH peers.

# Northeastern VT Regional Hospital

## BALANCE SHEET & INDICATORS

	2014A	2015B	2015P	2016B
<b>Cash &amp; Investments</b>	\$913,570	\$3,000,000	\$3,200,000	\$1,200,000
<b>Total Current Assets</b>	\$14,076,704	\$17,662,171	\$15,700,000	\$14,200,000
<b>Total Board Designated Assets</b>	\$17,325,948	\$18,100,000	\$16,000,000	\$16,600,000
<b>Total Net, Property, Plant And Equipment</b>	\$24,116,998	\$25,360,208	\$24,072,280	\$24,948,760
<b>Other Long-Term Assets</b>	\$2,919,713	\$1,000,000	\$3,000,000	\$2,500,000
<b>Total Assets</b>	\$58,439,363	\$62,122,379	\$58,772,280	\$58,248,760
<b>Total Current Liabilities</b>	\$9,361,130	\$9,100,000	\$9,086,583	\$10,335,000
<b>Long-Term Debt</b>	\$13,715,039	\$13,300,000	\$13,180,000	\$12,645,000
<b>Other Noncurrent Liabilities</b>	\$0	\$0	\$0	\$0
<b>Total Fund Balance</b>	\$35,363,194	\$39,722,379	\$36,505,696	\$35,268,760
<b>Total Liabilities and Equities</b>	\$58,439,363	\$62,122,379	\$58,772,280	\$58,248,760

The hospital's overall balance sheet shows a steady improvement in net assets (fund balance).

Debt is trending lower and cash and Board Designated Assets are lower in 2016.

<b>Hospital</b>				
Net Increase/Decrease in Cash	\$ (1,110,982)	\$ 1,000,000	\$ 2,286,430	\$ (1,800,000)
Days Cash on Hand	97	112	111	98
Cash to Long Term Debt	1.2	1.4	1.5	1.4
Long Term Debt to Capitalization	27.9%	25.1%	26.5%	26.4%
Debt Service Coverage Ratio	2.5	5.8	4.1	4.5

NVRH's cash is expected to decline in Budget 2016. Debt indicators are steady.

<b>System Average</b>				
Net Increase/Decrease in Cash	\$ 54,485,472	\$ 74,776,400	\$ 21,398,061	\$ (11,067,200)
Days Cash on Hand	176	181	185	180
Cash to Long Term Debt	1.9	1.6	1.7	1.7
Long Term Debt to Capitalization	29.6%	32.3%	32.6%	31.3%
Debt Service Coverage Ratio	3.3	3.1	2.9	2.8

Cash on hand is less than the system average.

Debt measures are steady and the debt position is favorable compared to the system.

# Northeastern VT Regional Hospital

## CAPITAL BUDGET

	2014 Actuals	2015 Budget Approved	2015 Projection	2016 Budget	2017 Plan	2018 Plan	2019 Plan
Non-Certificate of Need Capital Purchases	\$4,292,080	\$4,520,905	\$3,170,500	\$3,509,840	\$2,716,100	\$4,268,150	\$4,344,000
Certificate of Need Capital Plans		\$0	\$0	\$0	\$2,100,000	\$0	\$0
Total Capital Purchases	\$4,292,080	\$4,520,905	\$3,170,500	\$3,509,840	\$4,816,100	\$4,268,150	\$4,344,000

### Hospital

Age of Plant (years)	13.0	13.9	13.8	14.5	helps understand the status of all fixed assets
Capital Expenditures to Depreciation	168.0%	174.7%	121.9%	132.0%	helps to understand current level of capital spend
Capital Cost % of Budget	4.6%	4.7%	4.6%	4.6%	helps understand relative share of depr & interest

### System Average

Age of Plant (years)	10.2	10.9	11.0	11.9
Capital Expenditures to Depreciation	80.6%	122.4%	131.0%	95.1%
Capital Cost % of Budget	5.9%	6.0%	5.9%	5.8%

Age of plant is increasing in Bud 16 and is older than the Vermont hospital system. Planned capital investments should begin to help improve this position.

NVRH capital expenditures to depreciation has increased. Capital cost % remains steady and favorable as compared to the system.

All of their capital spending is planned to be Non CON capital items including both building improvements and equipment, renovations are planned for their Orthopedic and Kingdon Internal Medicine offices for \$600,000 each, the balance has no single item in excess of \$500,000. NVRH plans for a MRI CON in 2017 and an OR in 2019.

	2016 Budget	2017 Plan	2018 Plan	2019 Plan
<b>Non Certificate of Need Detail</b>				
Construction in Progress (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Land & Land Improvements (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Buildings & Building Improvements (Non-CON >\$500K)	\$1,200,000	\$0	\$0	\$750,000
Total Fixed Equipment (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Major Movable Equipment (Non-CON >\$500K)	\$0	\$0	\$2,000,000	\$2,000,000
Other Non CON Items under \$500,000	\$2,309,840	\$ 2,716,100	\$ 2,268,150	\$ 1,594,000
Total Non-Certificate of Need Capital Purchases	\$ 3,509,840	\$ 2,716,100	\$ 4,268,150	\$ 4,344,000

### Certificate of Need Plans

#### Certificate of Need Proposals

MRI (Northeastern VT Regional Hospital)	\$ -	\$ 2,100,000	\$ -	\$ -
(Northeastern VT Regional Hospital)	\$ -	\$ -	\$ -	\$ -
Total Certificate of Need Proposals	\$ -	\$ 2,100,000	\$ -	\$ -
Kingdom Internal Medicine Renovation (Northeastern VT Regional Hospital)	\$ 600,000	\$ -	\$ -	\$ -
Orthopedic Office Renovations (Northeastern VT Regional Hospital)	\$ 600,000	\$ -	\$ -	\$ -
Operating Room Renovations (Northeastern VT Regional Hospital)	\$ -	\$ -	\$ -	\$ 750,000
Total Buildings & Building Improvements (Non-CON >\$500K)	\$ 1,200,000	\$ -	\$ -	\$ 750,000